20P4039

Reg. No .... Name ....

M. A. DEGREE END SEMESTER EXAMINATION - MARCH 2020

SEMESTER 4 : ECONOMICS

COURSE : **16P4ECOT19EL : CAPITAL MARKET**

(For Regular - 2018 Admission & Supplementary 2017/2016 Admissions)

Time : Three Hours Max. Marks: 75

Section A

Answer any 8 (2 marks each)

1. Explain FDI.
2. What are P-notes?
3. Explain the role of CRISIL.
4. What are Bonus Shares?
5. What is an Inverted Yield Curve?
6. What is a Depository Participant?
7. Distinguish between call option and put option.
8. What are depository receipts?
9. What is an interest rate?
10. Explain the relation between Rate of Interest and Stock Markets.
11. What is Return on Asset ?
12. What are Relative valuation models?

(2 x 8 = 16)

Section B

Answer any 7 (5 marks each)

13. Explain the need for savings and investment.
14. Distinguish between bearish market and bullish market.
15. Distinguish between European option and American option.
16. Write a note on Futures, Forwards and Options.
17. Explain how stock exchanges help in the capital formation of India.
18. What do you mean by Net Present Value? How is it related to discounting?
19. Find the simple interest on Rs.58,000/- at 16.66% per annum for 8 months.
20. 'Rate of interest and bond prices are inversely related'- Comment.
21. Write a short note on equity valuation.
22. Explain the profitability ratios used in analysing a financial statement.

(5 x 7 = 35)

Section C
Answer any 2 (12 marks each)

23. Explain Foreign Institutional Investors. Why do we need to track their transactions in the context of capital flights?
24. Explain the role played by SEBI in Indian capital market.
25. Derivatives are risk management tools in a capital market- Elucidate.
26. Consider the following situations-
    (a) An investor have some amount of money with him. He would like to know the future value of that money if he invests that money at a particular rate of interest.
    (b) An investor knows the expected rate of return on an investment and the future cash flows. He would like to know the present sum of money which should be invested.
    Which are the techniques the investor is going to use in these situations? Explain them in detail.

(12 x 2 = 24)